Supreme Court, U.S.
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IN THE

Supreme Court of the United States

NINESTAR TECHNOLOGY CO., LTD.,
NINESTAR TECHNOLOGY COMPANY LTD.,
TOWN SKY, INC., and DATAPRODUCTS USA, LLC,

Petitioners,

v.

INTERNATIONAL TRADE COMMISSION,
EPSON PORTLAND, INC., EPSON AMERICA, INC.,
and SEIKO EPSON CORPORATION,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether in an appeal from a decision by the International Trade Commission, wherein the International Trade Commission affirmed a validity decision of the Administrative Law Judge without any real analysis of the Administrative Law Judge's determination of validity and wherein the Administrative Law Judge's determination was based upon the pre-*KSR* standard, to wit, that the Defendant failed to point to a teaching to combine references, and wherein there was no discussion by the Commission as to that basis set forth by the Administrative Law Judge, it was appropriate for the Court of Appeals for the Federal Circuit to affirm that clearly erroneous decision per curiam.

2. The second and related question is whether, when the International Trade Commission affirmed the Administrative Law Judge's determination of validity, and the International Trade Commission's decision was based primarily upon the fact that all of the elements of the patents at issue were not contained in the prior art, with no discussion of the other *KSR* factors, it was appropriate for the Court of Appeals for the Federal Circuit to affirm that determination per curiam.

These questions raise the issues of whether the Court of Appeals for the Federal Circuit can avoid its responsibility for dealing with a clear failure to follow *KSR*, by the simple expedient of a per curiam determination, which further raises the question of whether per curiam decisions, of this nature, essentially constitute a denial of a person's right to an appeal.

Essentially, what the Federal Circuit did in this case was to treat it as though it were a petition for certiorari and then deny it. It is one thing to issue, e.g. a per curiam decision in affirming a jury trial verdict. It is another thing for the issuance of a per curiam decision from a clear an expressed failure to follow the *KSR* standard, where the *KSR* standard came into being subsequent to the Administrative Law Judge's decision, and yet the full Commission abjectly refused to apply *KSR* and the Federal Circuit then went along with this refusal to apply *KSR*.

CORPORATE LISTING UNDER RULE 29.6

The Ninestar Petitioners are two U.S. corporations, and one Chinese corporation. Both U.S. corporations (Town Sky, Inc. and Ninestar Technology Company, Ltd.) are fully owned subsidiaries of the Chinese corporation (Ninestar Technology Co., Ltd.).

Clover Technologies Group, LLC (a private company) is the parent company of Dataproducts USA, LLC.

None of the Petitioners are public corporations. None of them have issued shares to the public.

Petitioners, Ninestar Technology Co., Ltd., Ninestar Technology Company, Ltd., Town Sky, Inc., and Dataproducts USA, LLC respectfully requests that a writ of certiorari be issued to review the judgment of the Court of Appeals for the Federal Circuit.

OPINIONS BELOW

This appeal is from the per curiam affirmance by the Court of Appeals for the Federal Circuit (Appendix A) of the post-*KSR* affirmance by the International Trade Commission (Appendix B) of the pre-*KSR* determination of patent validity by the Administrative Law Judge (Appendix C).

STATEMENT OF JURISDICTION

The per curiam affirmance of the Court of Appeals for the Federal Circuit ("CAFC") was entered on January 13, 2009. The jurisdiction of this Court to review the judgment of the CAFC is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

35 U.S.C. § 282

STATEMENT OF THE CASE

This case arose out of a complaint filed by Epson Portland, Inc., Epson America, Inc., and Seiko Epson Corporation (collectively "Respondents" or "Epson") against Ninestar Technology Co., Ltd., Ninestar Technology Company Ltd., Town Sky, Inc., and Dataproducts USA, LLC (collectively "Petitioners") relating to importation of products, which Epson alleged infringed certain of its patents.

Among their defenses, Petitioners asserted that certain of the patents asserted by Epson were invalid as obvious in light of the prior art.

The Administrative Law Judge ("ALJ") determined that the patents were, in fact, valid. The ALJ's determination was made prior to this Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (U.S. 2007), (hereinafter "*KSR*").

In its decision, the ALJ specifically stated:

> Based on the deficiencies of the '635 patent and a lack of any suggestion in the prior art for combining the '635 patent with the '401 patent, the administrative law judge finds that the active respondents have not established, by clear and convincing, that claims 1,2,3, and 9 of the '917 patent are obvious.

(ALJ's Final Initial and Recommended Determinations, pp. 151-152, Appendix C).

This standard was clearly appropriate prior to the *KSR*'s decision as it stemmed from the previous CAFC analysis of prior art, which required a teaching, suggestion, or motivation to combine references.

KSR made it very clear that that was no longer a requirement. *KSR* also made it clear that there is no requirement that each and every element of a patent be found in the prior art in order to invalidate that patent. *KSR* made it very clear that, e.g. if a variation or modification would be obvious in light of commercial circumstances and natural evolution of products, that also could be considered in determining validity or invalidity of a patent.

The ALJ, not having the benefit of the KSR standards, made its determination that there was not sufficient teaching, in the prior art, to invalidate the patents in suit.

Subsequent to the issuance of *KSR* and the review by the Commission, *KSR* issued.

The Commission required further briefing by the parties on the *KSR* standard, which was appropriate.

The International Trade Commission ("ITC") then affirmed the ALJ's decision, making no comment, whatsoever, about the standards employed by the ALJ (teaching suggestion motivation) and said that essentially, it thought that the ALJ's analysis was perfectly okay.

The Commission also noted that not every claim element was found in the prior art (anyone who studies the prior art knows full well that that is not a correct statement, but that is not the issue being presented to the Court at this time).

KSR clearly does not require that each and every element of a challenged patent be found in the prior art. That was the only specific basis set forth by the Commission in terms of its own independent analysis. Since that criterion was also incorrect, the Commission committed a double error. It held that the ALJ's analysis under the pre-*KSR* standard was correct and it further added its own incorrect standard, which is that there must be a showing that each and every element of the challenged patent be found in the prior art.

Accordingly, it is quite clear that the Commission committed legal error by applying the wrong standards. All of these matters were brought to the attention of the CAFC, which, rather than doing its own analysis of these issues, simply affirmed per curiam.

REASONS FOR GRANTING THE PETITION

The history of this case raises troubling questions. The ITC clearly made an incorrect determination because it almost blatantly refused to follow *KSR*. The ALJ did nothing wrong in applying the pre-*KSR* standard, but the ALJ expressly set forth the pre-*KSR* standard of no TSM, and yet the full Commission made the, frankly, incredulous statement that there was nothing wrong with the ALJ's analysis. Of course, there was nothing wrong the ALJ's analysis before *KSR*, but it was clearly not supportable in light of *KSR*. At a minimum, the matter should have been remanded to the ALJ so that the ALJ would have an opportunity to do a proper analysis under the proper standards. It is clear that the Commission did not perform any such analysis, nor did it allow the ALJ to do so.

In addition, the Commission refused to consider some subsequent authorities brought to their attention. Clearly, since the standards have changed, there should have been a new hearing allowing the introduction of new references if they were relevant.

The analysis of these mistakes is not normally something which would have to go to the United States Supreme Court. That analysis was, and is, the function of the CAFC. When the CAFC simply affirms per curiam, that means that these glaring errors were not even addressed leaving the Petitioners, who have significant exposure, with no one to review the appropriateness or inappropriateness of the Commission's determination, and, frankly, the procedures that it followed in reaching that determination.

This is a fundamental problem with per curiam decisions, in the first place. While the per curiam practice

is widely followed, it is respectfully suggested that this Court should take a hard look at the per curiam practice, which, in many cases, amounts to nothing more than a *de facto* denial of a writ of certiorari. It is respectfully suggested that guidelines should be established for the proper utilization of the per curiam practice, at least in complex cases.

This case presents a clear and classic opportunity for this Court to set such guidelines. In this case, we have a change in the Supreme Court's decision and a determination by the Commission that essentially the ITC was not going to be governed by the *KSR* decision, and then a per curiam affirmance of that policy.

This Court has already, clearly, issued its requirements as to what is the proper analysis for invalidity and by and large, it has been followed by the CAFC, in those cases wherein the CAFC actually dealt with the issues. The question here is whether or not the CAFC avoided dealing with that issue, altogether, in affirming a decision of an administrative body, which clearly ignored the standards of this Court, as set forth in the *KSR* decision.

CONCLUSION

Accordingly, Petitioners respectfully request that a writ of certiorari be granted so that these issues can be fully briefed and considered by this Court. At issue is the fundamental question as to whether or not this Court's decisions are going to be followed and what is the procedurally responsible way for Courts to ensure that this Court's decisions are followed to the letter.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DATED JANUARY 13, 2009

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2008-1201

NINESTAR TECHNOLOGY CO., LTD., NINESTAR TECHNOLOGY COMPANY, LTD., TOWN SKY, INC.,

Appellants,

and

DATAPRODUCTS USA, LLC,

Appellant,

v.

INTERNATIONAL TRADE COMMISSION,

Appellee,

and

EPSON PORTLAND INC., EPSON AMERICA, INC., AND SEIKO EPSON CORPORATION,

Intervenors.

Appendix A

JUDGMENT

ON APPEAL from the United States International Trade Commission

in CASE NO(S). 337-TA-565

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

Per Curiam (MICHEL, *Chief Judge*, SCHALL and PROST, *Circuit Judges*).

AFFIRMED. *See* Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

/s/ Jan Horbaly
Jan Horbaly, Clerk

DATED January 13, 2009

APPENDIX B — RELEVANT EXCERPTS OF COMMISSION OPINION DATED NOVEMBER 7, 2007

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Inv. No. 337-TA-565

In the Matter of

CERTAIN INK CARTRIDGES AND COMPONENTS THEREOF

COMMISSION OPINION

On March 30, 2007, the ALJ issued a final initial determination ("ID"), including his recommended determination on remedy and bonding, in the above-captioned investigation. He found each of the asserted claims was infringed by products of one or more respondents and that a domestic industry existed. ID 387-395. The ALJ recommended a general exclusion order. He also recommended issuance of cease and desist orders against domestic respondents Ninestar Technology Company, Ltd., Town Sky Inc., Dataproducts USA LLC, and MMC Consumables as well as defaulting respondents Glory South Software Manufacturing Inc., AcuJet USA, Inc., and Mipo America Ltd. ID 363. He recommended a bond in the amount of $13.60 per cartridge to permit importation during the Presidential review period. ID 368. On June 29, 2007, the Commission determined to review a number of conclusions of the final ID.

Appendix B

The Commission has now determined to reverse certain of the ALJ's conclusions, to affirm others, and to provide relief in the form of a general exclusion order, a limited exclusion order, and cease and desist orders directed to certain domestic respondents.

* * *

C. Obviousness

A claim is invalid due to obviousness if the differences between the claimed invention and the prior art "are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. § 103(a). Obviousness is a legal determination based on underlying findings of fact. *See Dippin' Dots v. Mosey*, 476 F.3d 1337, 1343 (Fed. Cir. 2007). The underlying factual inquiries include (1) the scope and content of the prior art, (2) the level of ordinary skill in the art, (3) the differences between the claimed invention and the prior art, and (4) the so-called secondary considerations of nonobviousness such as commercial success, long-felt but unsolved needs, failure of others, etc. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

Issued patents are presumed valid, putting the burden on the party challenging validity of a patent to show invalidity by clear and convincing evidence. 35 U.S.C. § 282; *Helifix Ltd. v. Blok-Lok Ltd.*, 208 F.3d 1339, 1346 (Fed. Cir. 2000).

Appendix B

On April 30, 2007, the Supreme Court in *KSR International Co. v. Teleflex Inc.*, 127 S.Ct. 1727 ("*KSR*"), while reaffirming that the *Graham* factors still control the analysis of an obviousness inquiry, reexamined how the obviousness inquiry should be conducted and rejected what it referred to as the overly rigid application of the so-called "teaching, suggestion, motivation" test.[14] The Commission determined to review the ALJ's conclusions concerning obviousness to consider the impact of the *KSR* decision on the ALJ's conclusions and whether additional fact-finding is necessary.

Before the AU, the active respondents contended that certain claims of the '917 patent, the '422 patent and the '053 patent were invalid for obviousness based upon prior art. Specifically, they contended that claims 1, 2, 3, and 9 of the '917 patent were invalid for obviousness based upon a combination of U.S. Patent 5,610,635 (the '635 patent) and the '401 patent. ID 142-143. They argued that claim 1 of the '422 patent was invalid for obviousness in light of the '635 patent and European Patent No. 0 822 084 A2 (the '084 patent).

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14. Prior to *KSR*, the Federal Circuit indicated consideration of two factors was required to determine if the invention was obvious: "(1) whether the prior art would have suggested to those of ordinary skill in the art that they should make the claimed composition or device, or carry out the claimed process;" and "(2) whether the prior art would also have revealed that in so making or carrying out, those of ordinary skill would have a reasonable expectation of success." *Noelle v. Lederman*, 355 F.3d 1343, 1351-52 (Fed. Cir. 2004).

ID 143. They also contended that each feature of claim 1 of the '053 patent is found in the disclosure of the '422 patent, except that the '053 patent requires that the cartridge have an ink supply port which is closer to the wall opposite the wall containing the electrodes of the chip, while in the '422 patent the ink supply port is closer to the wall which contains the electrodes of the chip. ID 143. They claim it would have been obvious to reposition the ink supply port in the manner described in the '053 patent. Epson and the IA opposed the active respondents' contentions below.

The ALJ found that claims 1, 2, 3, and 9 of the '917 patent were not invalid for obviousness. He found that there were "deficiencies" in the '635 patent "and a lack of any suggestion in the prior art for combining the '635 patent with the '401 patent . . ." ID 151.

The ALJ also found that claim 1 of the '422 patent was not invalid for obviousness in light of the '635 patent and the '084 patent, which were both disclosed to the patent examiner. ID 154. He found that the '422 patent is directed to an ink cartridge with a retaining member having a moveable engagement portion that is located above the memory device and that locks the cartridge into place when it is installed in the printer. ID 152. Claim 1 of the '422 patent also refers to a cartridge with a semiconductor chip. ID 152. He found that the '084 patent teaches away from the use of electrical means to determine the amount of ink in the cartridge because the '084 patent discloses an optical means to perform that function. ID 154. He therefore found that the active

respondents had not demonstrated by clear and convincing evidence that claim 1 of the '422 patent was invalid for obviousness. ID 154.

With respect to the '053 patent, the ALJ found that the '053 patent disclosed a different location for the ink supply port than the '422 patent. ID 156. According to the ALJ, the '422 patent teaches that the ink supply port is on the same side of the cartridge as the projecting portion, while the '053 patent requires just the opposite. ID 156. The '053 patent places the electrodes away from the ink supply port in order to avoid contamination of the electrodes by the ink. ID 157. The ALJ found that the '422 patent teaches away from such placement as it teaches placement of the electrodes near the port even though it was recognized that contamination was a potential problem. ID 157. For these reasons, the ALJ found that claim 1 of the '053 patent was not invalid for obviousness. ID 157.

1. Parties' Arguments

While only devoting a footnote to obviousness in their petition for review, Resp. Pet. at 4 n.3, after the Supreme Court issued *KSR*, the active respondents filed an additional submission arguing that the ALJ's analysis of obviousness was legally insufficient in light of *KSR*. Active Respondents' Letter of May 1, 2007. They now argue that the Supreme Court rejected the use of the teaching, suggestion or motivation test and created a more flexible standard for obviousness. Resp. Brief at 90. They contend that printer cartridge

technology is simple, predictable, well-known and crowded with prior art. They suggest, therefore, that combinations of old elements are likely to be obvious. *Id.* at 92-93.

The active respondents also argue that the current record contains sufficient evidence to determine that the ALJ's conclusions are inconsistent with *KSR*. *Id.* at 94. However, they state that they would add certain additional prior art references to the record if the Commission determined to reopen the record. *Id.*

The active respondents maintain that the ALJ erred in relying upon a lack of suggestion in the prior art for combining the '635 patent and '401 patent for his conclusion that claims 1, 2, and 3 of the '917 patent are non-obvious. Resp. Brief at 96-110. They assert that their expert testified that all the elements of the asserted claims of the '917 patent are disclosed by the '635 patent and '401 patent. They argue that claims 1, 2 and 3 therefore are nothing more than a combination of old elements disclosed in the '635 patent and '401 patent and that the elements perform in a predictable fashion in the '917 patent. *Id.* at 105-109. They state that this argument also applies to claim 9, as the additional limitation of claim 9 is the lower row of contacts being longer than the other rows. They argue this is an insignificant change well within the ordinary creativity of a person with ordinary skill. Resp. Brief at 109. They also point to additional disclosures not of record: U.S. Patent 6,102,517, U.S. Patent No. 5,706,040, and U.S. Patent No. 5,119,115. *Id.* at 110-120.

With respect to the '053 patent, they contend that the only element it teaches not found in the prior art is the location of the ink supply port, but they argue that this addition does not yield any unpredictable or non-obvious results. *Id.* at 120-123. According to the active respondents, moving the electrodes away from the ink supply port yielded the predicable result of aiding in the prevention of contamination of the electrodes by ink. *Id.* at 121.

As for the '422 patent, the active respondents assert that claim 1 is obvious in view of three prior art references: U.S. Patent 5,610,635, European Patent No. 0 822 084 A2, and U.S. Patent No. 6,155,678 ("the '678 Patent"). Resp. Brief at 125-126. They contend that the '084 patent teaches each of the limitations of Claim 1 of the '422 patent, except for the inclusion of a memory device with electrode, and they maintain it was obvious to include the memory device of the '635 patent on either the front or rear surface wall of the '084 patent ink cartridge to form the claimed combination. Resp. Brief at 126. Respondents also argues that claim 1 (and claims 10 and 14) are obvious in view of U.S. Patent No. 6,155,678 (the "Lexmark patent"), a reference not raised before the ALJ Resp. Brief at 125.

Epson maintains that the ALJ's obviousness conclusions are consistent with *KSR* and no additional fact-finding or evidence is necessary. Epson Brief at 102-124. It argues that *KSR* did not reject the teaching, suggestion, or motivation test, but only criticized the Federal Circuit's application of the test. Epson contends

that the ALJ relied upon the lack of all the elements in the asserted claims in the prior art as the basis for his non-obvious conclusions, so the question of obviousness is different from the situation in *KSR* in which the patent was simply a combination of elements found in the prior art. Epson Brief at 104. Further, except for one "immaterial" reference, all of the cited references were before the PTO during prosecution. Epson also notes that the respondents do not address the secondary considerations, which favor nonobviousness.

With respect to the obviousness of the asserted claims of the '917 patent, Epson states that the '635 patent was before the examiner and that respondents abandoned the '401 patent reference after the hearing. Epson also argues that the '635 patent does not disclose many limitations of the '917 patent, such as an ink supply port or contacts in rows. *Id.* at 107-108. It points out that Judge Luckem noted these deficiencies in the prior art. *Id.* at 108 (citing ID 151). It also points to deficiencies in the '401 reference.

Epson argues that the prior art references to which the respondents cite fail to disclose "numerous" limitations of the '422 patent, such as an ink supply port connected to the ink supply needle as required by claim 1. *Id.* at 110. Epson contends that because the asserted references do not disclose each of the claim limitations and, in fact, teach away from the invention and each other, the combination of the '635 and the '084 references cannot invalidate claim 1 of the '422 patent. Epson Brief at 111. It argues additionally that claims

10 and 14 are not part of the Commission's review, and that the '678 patent does not disclose the additional limitations of these claims, which are not simply obvious design choices. Epson Reply at 103-106.

Epson contends that the active respondents incorrectly assert that the '422 patent on its own invalidates claim 1 of the '053 patent. Epson Brief at 111-114. Epson notes that the prior art teaches away from the invention of the '053 patent. Epson Reply at 107-108 (citing ID 154, 157). It points out that the application for the '422 patent was considered by the patent examiner and the '053 issued nevertheless. *Id.* It maintains that the '053 patent has critical limitations not disclosed by the '422 patent: an ink supply port having [an exit opening and] a centerline and communicating with the chamber; contacts being formed in a plurality of rows lying essentially in a plane parallel to the centerline of the ink supply port; and each said row being centered relative to the centerline of the said ink supply port. Epson Reply at 108.

Epson also notes that all of the prior art was considered by the PTO and the patents issued over the prior art, which was not the case in *KSR*. *Id.* at 122. It contends that the active respondents ignore secondary considerations of non-obviousness, such as commercial success and that these other indicia also support the ALJ's conclusions of non-obviousness. *Id.* at 123.

Appendix B

Epson contends the record in this investigation has already established that the asserted claims cannot be characterized as "simply arrange[ing] old elements with each performing the same it had been known to perform." *KSR*, 127 S.Ct. at 1740. Rather, the asserted claims disclose new elements that the ALJ found to not be taught by the prior art raised by respondents. Epson Brief at 118. Epson argues that the respondents had the opportunity to raise all of the new prior art references they now seek to rely upon and there is no need for additional fact-finding under *KSR* since *KSR* does not so fundamentally change the obviousness inquiry that additional fact-finding is necessary. Epson Reply at 74-80.

The IA contends that the *KSR* decision has not altered the legal landscape but rather confirmed that the factors cited in *Graham v. John Deere Co.* control the analysis. IA's Reply at 4. He argues that the Supreme Court did hold that a rigid, inflexible application of the "teaching, suggestion, motivation" test is error, but not that all obviousness inquiries that reference the teaching, suggestion, motivation test are inappropriate. IA Brief at 21 (quoting *KSR, slip op. at 15:* "There is no necessary inconsistency between the idea underlying the TSM test and the *Graham* analysis."). He maintains that the Federal Circuit has, in fact, long recognized that the suggestion to modify the prior art or combine the prior art could come from the common knowledge of a person of ordinary skill in the art. IA Reply at 5 (quoting *Motorola, Inc. v. Interdigital Tech.*, 121 F.3d 1461, 1472 (Fed. Cir. 1997)

("The suggestion to combine may come from the prior art, as filtered through the knowledge of one skilled in the art.").

He criticizes respondents' arguments as failing to discuss how the ALJ erred; he asserts that respondents simply reargue their obviousness case. He also maintains that respondents had a full opportunity to present an invalidity case during the hearing and in their post-hearing briefs and that there is no reason to reopen the record to allow respondents a second opportunity to present a different case for invalidity. *Id.*

2. Analysis

At the outset, we note that we do not find it necessary to remand the question of obviousness to the ALJ or reverse any of the ALJ's conclusions with respect to the asserted claims of the '917, '422 or '053 patents. The active respondents have not adequately explained why additional fact-finding is necessary or why the new references they cite could not have been presented to the ALJ to support the obviousness arguments they made before the ALJ. In fact, the relevancy of the newly cited references does not appear to have any particular dependency on *KSR* since the references would have been relevant to the question of obviousness before the *KSR* decision.

While the ALJ did refer to a lack of "suggestion" for combining prior art in his analysis of obviousness for claims 1, 2, 3 and 9 of the '917 patent, he also found

that not all the features of the asserted claims of the '917 and '422 patents were disclosed in the prior art. ID 151, 153. Thus, the prior art could not simply be combined to yield the inventions of the two patents and it cannot be argued that the claimed inventions would have resulted simply from the combination of old elements to yield a predictable result, which appears to have been a primary concern of the *KSR* decision. *KSR*, 127 S.Ct. at 1740 ("The principles underlying these cases are instructive when the question is whether a patent claiming the combination of elements of prior art is obvious."). We find that the ALJ's conclusions with respect to the non-obviousness of the asserted claims of the '917 and '422 patents are well-reasoned and well-supported in the record and that the active respondents have not demonstrated the obviousness of the patents by clear and convincing evidence.

As to claim 1 of the '053 patent, the ID discusses a combination of prior art elements and one additional element relied on by respondents, the repositioning of the ink port to avoid contamination of the circuit board. ID 156-157. The ALJ found that the '422 patent teaches away from the repositioning of the ink port and the specification of the '422 patent suggests the ink port should be near the circuit board. ID 157. Based upon the '422 patent's teaching that the ink port is near the circuit board, we do not find that the repositioning of the ink port would have been obvious to one skilled in the art. *See* '422 Patent 3:66:67. Moreover, the application for the '422 patent was disclosed to the examiner and found not to be a bar to patentability. ID 156 citing

(CFF VIII.73). Accordingly, we find that the active respondents have not demonstrated the obviousness of claim 1 of the '053 patent by clear and convincing evidence.

* * * *

APPENDIX C — RELEVANT EXCERPTS OF ADMINISTRATIVE LAW JUDGE'S FINAL INTITIAL AND RECOMMENDED DETERMINATION DATED MARCH 30, 2007

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 337-TA-565

In the Matter of

CERTAIN INK CARTRIDGES AND COMPONENTS THEREOF

Final Initial and Recommended Determinations

This is the administrative law judge's Final Initial Determination, under Commission rule 210.42. The administrative law judge, after a review of the record developed, finds that there is jurisdiction; and that there is a violation of section 337 of the Tariff Act of 1930, as amended.

This is also the administrative law judge's Recommended Determination on remedy and bonding, pursuant to Commission rules 210.36(a) and 210.42(a)(1)(ii). If the Commission finds an unfair act the administrative law judge recommends that the Commission issue a general exclusion order barring entry into the United States of infringing cartridges and components thereof. He also recommends the issuance of certain cease and desist orders. He further

recommends that any bond be in the amount of about $13.60 per infringing cartridge during the Presidential review period.

* * *

In addition because the '635 patent does not disclose an ink supply port, the '635 patent does not teach the limitation of claim 9 of the '917 patent that requires "one of said rows is closer to said exit opening of said ink supply port than an other of said rows." (Perry, Tr. at 2083:21-22, 2084:17-18, 2085:2-6; CX-7.) Moreover, the '635 patent only depicts rows of contacts that are of equal length and provides no discussion about the benefits of a particular contact arrangement. (CPP VLIII.41(undisputed).) Therefore, the '635 patent does not disclose the limitation of claim 9 of the '917 patent that requires "the row of said contacts which is closest to said exit opening of said ink supply port being longer than the row of said contacts which is furthest from said exit opening of said ink supply port." (Perry, Tr. at 2211:6-13; CX-7.)

Referring to the '401 patent, although the '401 patent teaches an ink cartridge with an ink supply port that is removably mounted on an ink supply needle, it does not disclose any elements of the asserted claims of the '917 patent, including the use of a semiconductor storage device or the use of contacts for connecting such a device to the printer. (CX-6.)

Appendix C

As for secondary consideration, Epson's products embodying the inventions in its asserted claims, including claims 1 and 9 of the '917 patent, have resulted in sales worth { } of dollars. (CX-1352C - CX-1359C; CX-1384C – CX-1388C; CX-956 (Response to Interrogatory No. 18).)

Based on the deficiencies of the '635 patent and a lack of any suggestion in the prior art for combining the '635 patent with the '401 patent, the administrative law judge finds that the active respondents have not established, by clear and convincing evidence, that claims 1, 2, 3, and 9 of the '917 patent are obvious.

Referring to the active respondents' challenge of the validity of claim 1 of the '422 patent based on the '635 patent and '084 patent, the asserted claims of the '422 patent are directed to an ink cartridge with a retaining member having a moveable engagement portion that is located above the memory device (trailing end side in relation to insertion direction) and that locks the cartridge into place when it is installed on the print carriage. (CFF VIII.53 (undisputed).) The asserted claims of the '422 patent also describe a cartridge with a semiconductor chip (memory device) having electrodes that are connectable to a printer, where the semiconductor chip is disposed on the front wall of the cartridge under the retaining lever. (CFF VIII54 (undisputed).)

It is a fact that the patentees submitted the '635 patent for the Examiner's consideration during the

prosecution of the '422 patent as part of an Information Disclosure Statement filed on September 14, 2002. (CFF VIII.50 (undisputed).) The patentees also submitted the '084 patent for the Examiner's consideration during the prosecution of the '422 patent as part of an Information Disclosure Statement filed on September 20, 2004. (CFF VM.51(undisputed).) The Examiner considered the '635 and '084 patents during prosecution of the '422 patent and determined that neither is a bar to patentability of the asserted claims of the '422 patent, either alone or in combination with each other. (CFF VIII.52 (undisputed).) The '635 patent does not teach an ink supply port, and therefore, does not disclose the "ink supply port" limitations of claims 1 and 10 of the '422 patent. (Perry, Tr. at 2083:21-22, 2084:17-18, 2085:2-6.)

* * * *